

Mandated report on the relationship between physician volume and beneficiary health and well-being

ISSUE: The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires MedPAC to report on various explanatory factors underlying growth in the volume of physician services provided to Medicare beneficiaries. The overall question that the Commission is asked to address is the extent to which increases in physician volume result in care that improves beneficiary health and well-being.

KEY POINTS: The mandate specifically requires the Commission to:

- outline trends in spending for physician services, outpatient laboratory services, and Part B drugs;
- examine the effect of demographic changes on volume;
- compare Medicare beneficiaries and other populations in terms of growth in the volume of physician services received;
- assess the extent to which coverage determinations and new technology have affected growth in volume; and
- assess the effect of shifts in sites of services on physician service volume.

In addition, the Commission is required to evaluate whether CMS adequately accounts for the impact of law and regulations on the sustainable growth rate (SGR), as is required by law. The SGR is part of a payment update formula designed to control spending for physician services.

MedPAC staff and contractors are using Medicare expenditure data and claims data to address these questions, as well as reviewing the literature on physician volume, medical technology, quality, and efficiency. Results will be presented at the October and November meetings.

ACTION: Staff need feedback from Commissioners on the preliminary results that will be presented at the October meeting. Staff will then prepare a draft of the report for discussion at the November meeting. The final report is due to the Congress on December 8, 2004.

STAFF CONTACT: Kevin Hayes (202-653-3716), Dana Kelley (202-220-3703)